

AGENDA: December 7, 2004

4.25

CATEGORY: Consent

DEPT.: City Council/Investment Review
Committee

TITLE: Accept Annual Report of Investment
Review Committee

RECOMMENDATION

Accept the annual report of the City Council Investment Review Committee and adopt A RESOLUTION ADOPTING MODIFICATIONS TO CITY COUNCIL POLICY B-2, INVESTMENT POLICY, to be read in title only, further reading waived, approving the following policy changes:

Mortgage-backed securities with a fixed coupon issued by an agency of the U.S. Government, provided that the stated final maturity of such securities does not exceed five (5) years from the date of purchase. Investment in securities permitted under this section ~~are subject to the specific limitations of Section 10.1.1 above.~~ *shall be limited to a maximum of 20 percent of the total portfolio.*

FISCAL IMPACT – None.

BACKGROUND AND ANALYSIS

This memo transmits the annual report of the Investment Review Committee as required by City Council Policy B-2, Investment Policy. The Committee is comprised of Councilmembers Perry, Stasek and Chair Kasperzak and public member Kevin Olson, Treasurer of Veritas Corporation. Appreciation is expressed to the Committee's public member, Kevin Olson, for his time and assistance in fulfilling the responsibilities of the Committee.

Policy B-2 requires the Investment Review Committee meet annually to review the performance, policy compliance and management of the City's investment portfolio. This meeting was held on September 29, 2004. The Committee is also required to submit an annual report to the City Council containing the Committee's observations and any recommendations for improvement. The Committee's annual report is attached (Attachment 1) to this memo. A minor modification to the Investment Policy is recommended, but no changes to portfolio management practices are recommended at this time.

California Government Code Section 53646(a)(2) requires the fiscal officer or treasurer of each local agency in the State to "annually render to the legislative body of that local agency and

AGENDA: December 7, 2004

PAGE: 2

any oversight committee of that local agency a statement of investment policy, which the legislative body of the local agency shall consider at a public meeting." City Council Policy B-2 is attached (Attachment 3) to this report, and a minor change to the Investment Policy is recommended this year. In order to demonstrate compliance with the Government Code, it is requested the City Council adopt a resolution (Attachment 2) for the minor change in the Investment Policy to govern management of the City's investment portfolio.

PUBLIC NOTICING – Agenda posting.

Prepared by:

R. Michael Kasperzak, Jr., Chair
Investment Review Committee

RMK/RFL/8/CAM
533-12-07-04M-E^

Attachments: 1. Annual Report of Investment Review Committee
 2. Resolution
 3. City Council Policy B-2, Investment Policy

CITY OF MOUNTAIN VIEW
RESOLUTION NO.
SERIES 2004

A RESOLUTION ADOPTING MODIFICATIONS TO
CITY COUNCIL POLICY B-2, INVESTMENT POLICY

WHEREAS, City Council Policy B-2, requires the Investment Review Committee to meet annually to review the investment policy and portfolio management practices of the City and submit an annual report to the City Council; and

WHEREAS, the Investment Review Committee held a publicly noticed meeting to discuss the City's portfolio, investment policy and preparation of the Committee's annual report; and

WHEREAS, the Committee recommends the City Council make modifications to City Council Policy B-2 as follows:

Mortgage-backed securities with a fixed coupon issued by an agency of the U.S. Government, provided that the stated final maturity of such securities does not exceed five (5) years from the date of purchase. Investment in securities permitted under this section ~~are subject to the specific limitations of Section 10.1.1 above.~~ *shall be limited to a maximum of 20 percent of the total portfolio.*

NOW, THEREFORE, BE IT RESOLVED that the City Council adopts the modified City Council Policy B-2, attached to this resolution.

PJK/6/RESO
546-12-07-04R^